

**27 June 2017**

**European Commission**

**(24, rue Jean-André de Mot, 1049 Brussels)**

## **MINUTES**

The agenda and list of participants are attached to the Minutes.

### **1. Greetings / Opening remarks**

Mr. K. Kovács (EC) welcomed the participants on behalf of Mr. K.-D. Borchardt at the European Commission premises and wished a successful meeting. Mr. Borchardt was not able to participate.

The GAC Work Stream 2 Co-Chairs Mr. W. Boltz and Mr. A. Konoplyanik thanked the European Commission for hosting the meeting and welcomed the participants.

Mr. Boltz informed about two informal meetings between the Work Stream 2 co-chairs since the last meeting of the Work Stream 2. From now on a standing agenda item "progress reports (on the previously agreed actions)" will be on the agenda for each Work Stream 2 meeting in order to follow up discussed and agreed issues. Mr. Boltz introduced the agenda of the 23<sup>rd</sup> meeting of the work stream on internal market issues. He invited participants to raise issues which could (or should) be discussed in the framework of the Work Stream 2 (if they are within the overall scope of the Work Stream).

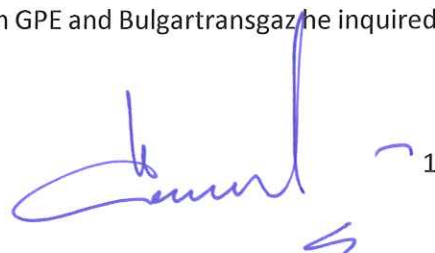
Mr. Konoplyanik thanked the European Commission for hosting the meeting in Brussels. He transmitted best regard to the participants from Mr. A. Medvedev who could not participate in the meeting. He underlined the importance of the meetings in order to avoid misunderstandings or sensitive situations in general. He thanked participants for their interest in the work of the Work Stream and is looking forward to fruitful discussions. He has specially underlined that the very fact of the presence of five representatives of the European Commission in the room has been demonstrating the role of this Work Stream as a bridge to improving mutual understanding between the parties in the current turbulent political time.

### **2. Progress Report of previously agreed actions:**

#### **2.1. Trans-Balkan Transportation contract**

Mr. V. Mazilov (GPE) informed that the GPE-Bulgartransgaz transport contract protocol amendment, serving as the basis of the Bulgartransgaz-DESFA Interconnection Agreement (IA) (version 2) was signed end May allowing for the Balancing NC provisions to be implemented at the BG-EL interconnection point. The prolongation of the "test regime" has been agreed to by GPE until 1 October 2017. Discussions on open issues between GPE and Bulgartransgaz is ongoing. Mr. Mazilov informed that everything is on track and that he is not aware of pending issues.

Mr. Kovács informed that the IA is being executed available and is effective since 1<sup>st</sup> of June. Reflecting on Mr. Mazilov's comment that no permanent regime has been agreed to yet between GPE and Bulgartransgaz he inquired what would be necessary to make it a permanent solution.

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Mr. Mazilov explained that reality must prove that all new rules (allocation procedures, measurement, nomination, etc.) allow the fulfilment of all contractual obligations. If everything works then he is confident that a permanent solution can be agreed. GPE does not see any big obstacles at this point of time to make it a firm agreement. However, the two TSOs must show first that they can work properly together. He informed about a meeting with Bulgartransgaz where it was addressed whether Bulgartransgaz has the impression that the Russian side is slowing down the process. The understanding is that Bulgartransgaz doesn't have the impression that the Russian side is doing so.

Mr. Konoplyanik explained that an adjustment of a complex contractual situation may take some time in general and time for adjustment as well.

Mr. Boltz proposed that the EC is asking the concerned TSOs whether they do see pending issues or any obstacles. He is looking forward that at the time of the next meeting an important improvement can be announced.

Mr. Kovács agreed and will contact Bulgartransgaz and DESFA on this topic.

Mr. Mazilov asked for feedback from EC on the CEE/SEE infrastructure issues (agenda item 8).

Mr. Kovács explained that his understanding from discussions with GPE in February is that as long as the transit arbitration between Ukrtransgaz and Gazprom is pending Gazprom is unwilling to discuss terms of the existing transport contract. The EC sees a new issue coming up from 1 October 2017 in this context regarding the renewed expiration of the extension of the legacy transport contract between Gazprom and Transgaz. He agreed that trilateral discussions need to take place as Energy Community Contracting Parties are adopting network codes and the contracts at EU-UA interconnection points also need to be brought in line with EU rules.

Mrs. A. Zhur (GPE) asked whether Interconnection Agreement at the Ukraine border points is a priority issue for the EC. Mr. Kovács confirmed that the issue needs to be addressed.

Mr. Kovács welcomed the signature of IA version 2. However, some issues regarding the transportation contract are still open (regarding e.g. application of some market rules, as e.g. congestion management, gas day, units, etc.) and need to be solved.

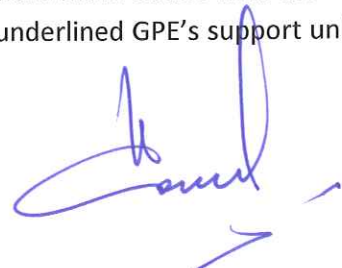
Mr. Mazilov inquired whether the EC expects GPE to deliver something or whether the Bulgarian side has to deliver first. Mr. Kovács explained that first of all the TSOs should be more proactive to approach the pending issues, but although GPE could also try to address them on its own initiative if possible.

Mr. Mazilov explained that same standards and rules should – from his perspective - apply to all Entry/Exit points of the Bulgarian System and not only for the BG-GR cross-border point and only such approach would allow the parties to establish final permanent regime, expected by Commission, and proper functioning of BTG gas system.

Mr. Kovács agreed that the same rule – in line with EU regulation – should apply in whole Bulgaria and at all interconnection points of the system. Within the CESEC action plan the Bulgarian side has agreed to work on this (i.e. sign interconnection agreements at the points with Turkey and FYROM). He informed that support from GPE on this would be welcome.

Mr. Mazilov explained the difficulties attached to the adaptation of rules only for one IP and not all IPs. Mr. Kovács informed that Bulgartransgaz is in discussions with Botas on application of the rules as well. He invited GPE to support Bulgartransgaz on this issue in order to speed up the process.

Mr. Mazilov informed that according to his information Bulgartransgaz is facing here more issues than the EC is aware of. Mr. Kovács asked for the support of GPE for the initiative. Mr. Mazilov underlined GPE's support unless the commercial interests of GPE are harmed.





Mr. Kovács has confirmed that full and final amendment of the historical contract could be made by GPE in conjunction with corresponding changes agreed between all neighbouring TSOs and all sides need to work together to that end.

Mr. Konoplyanik summarized that a general solution for all points would be needed and therefore, Bulgartransgaz is the central party in this issue and not GPE as shipper. Mr. Kovács clarified that the three involved parties have found a workable and pragmatic solution to address the problems with the GPE-Bulgartransgaz legacy contract at the EL-BG interconnection point, however, to fully align the legacy contract it is necessary to deal with all points simultaneously.

## **2.2. State of play of fact finding on pressure issues at the UKR/RUS border**

Mr. J. Ingwersen (ENTSOG) presented the state of play of fact finding on the pressure issues at the UKR/RUS border. Daily Gas Flow Reports were produced by the Ukrainian side in order to get a clear picture. He showed the measured pressure for the point Sudja which fluctuated within the looked at period. A meeting with Gazprom Export and ENTSOG will take place on 18 July 2017 in St. Petersburg to discuss this issue in detail.

Mr. Mazilov confirmed the meeting date and noted that in fact GPE is the one who is pushing the process in order to get forward. He asked ENTSOG to provide a note upfront of the meeting in order to allow for a structured discussion during the meeting. He underlined that a different understanding of the contractual arrangements might exist. Mr. Kovács asked for a telephone conference in order to prepare for the St. Petersburg meeting to make it most effective. Mr. Mazilov explained that on such a short notice this might be impossible.

Mr. Ciszewski (EC) asked for feedback on the agenda in order to make it more operational and for pressure data as measured by the Russian side to be sent to the Commission and ENTSOG in advance. Mr. Mazilov will get back on this to the EC.

## **3. Short information on results of the Workshop on future architecture of EU gas market held on 30 May in Brussels (to circulate 3 presentations) ☐**

Mr. Boltz informed about a Workshop taking place at the Gazprom representative office in Brussels in order to present and discuss Mr. Komlev's (Gazprom export) book on the role of oil indexation in gas pricing. The material of the Workshop will be posted on the website where the material of Work Stream 2 is being made available. He summarized the discussions on pricing issues during the Workshop on 30 May.

Mr. Konoplyanik added that a poll amongst participants (which full results were presented in his presentation at the Workshop) showed that the absolute majority (70%) of the non-Russian participants agreed that different forms of indexation (including hub/oil/coal/electricity etc.) should be the most effective pricing mechanism at the EU internal gas market. Regarding the question whether the architecture of the EU gas market should change 60% agreed that it should stay within its current model (a number of "entry-exit" market zones). But 80% has agreed that there is a need for further improvement of the EU gas market regulatory environment. This means they vote for the improvements within the existing regulatory system. Participants to the poll agreed that market stakeholders should be fully involved in any further market developments initiated by the EU regulatory bodies.

## **4. Update on the state of play of the political EU-Russia Energy Dialogue**

Mr. Governatori (EC) informed that since 2014 not much changed regarding this. He expects also no changes in the near future. The Dialogue was suspended after the - in the view of the EU - illegal annexation of Crimea and the conflict in Eastern Ukraine. He underlined that contacts were kept on an ad hoc basis on the most pressing



issues, such as e.g. within trilateral EU-RU-UA talks in order to sign agreements on gas supply. At the Energy ministerial conference in Astana (following the opening of Expo 2017) the latest bilateral discussions between the Russian Federation Minister Novak and Vice-President Šefčovič took place. He explained that the suspension of the Dialogue is closely related to the EU sanctions against Russia in general, which were extended until January 2018.

Mr. Governatori addressed the draft US bill regarding additional sanctions against Russia and underlined that it is still a draft and it needs to be seen how this will develop. As there was a coordination between EU and US so far, the approval of the draft bill would imply a deviation from this approach.

Mr. Boltz thanked Mr. Governatori and added that this Work Stream 2 may continue as it is a purely technical discussion. Mr. Konoplyanik thanked Mr. Governatori as well and agreed with Mr. Boltz to keep discussions technical.

Mr. I. Gudkov (GP) inquired whether the suspension was agreed by the European Council or the European Commission and whether it has a legal backing. Mrs. Zhur explained that Mr. Oettinger (Commissioner for Energy at the time) informed the Russian Federation about the suspension by sending a letter. Mr Kovács confirmed that Commissioner Oettinger, as the Commissioner heading the EU-Russia energy dialogue, was the EU's political representative to communicate such a decision to his Russian counterpart.

Mr. Vitovsky (ENTSOG) inquired whether a decision on the NS2 mandate has been taken or when we can expect a decision. Ms. Zhur commented that information in the media said that there was a voting in the Council but this was apparently wrong. Mr Kovács clarified that the discussions on NS2 were not on the agenda of the meeting and informed that it is in any event for the Council to decide on the specific process/timing in relation to the mandate.

**5. Discussion of Future work program (based on presentations of Co-Chairs prepared for 29 May meeting, to be circulated, – yet mostly proposals of Russian side) ☐**

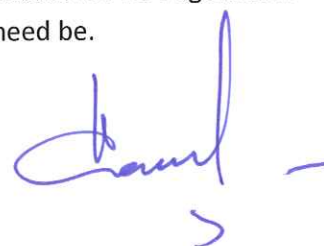
**Topics proposed by participants: explanation and justification**

Mr. Boltz and Mr. Konoplyanik informed about the ongoing discussions on the future work program of Work Stream 2 and the wish for a balanced agenda between points of interest for Russian and EU side.

Mr. Boltz encouraged the participants of the EU side to raise possible issues. No decisions on the work program will be taken but the discussion should enable the EU and the Russian side to better understand the scope and extent. Based on the discussion the Co-Chairs will propose specific agenda topics for the next WS2 meeting.

Mr. Boltz explained that the Work Stream 2 framework is not a frame where issues regarding implementation of EU regulation on national level can efficiently and effectively be discussed.

Mrs. A. Zhur (GPE) responded that it is a question whether there is a willingness of the EU side to invite the relevant experts to the Work Stream 2 meetings. There are certain mechanisms in place that allow the EC to follow the implementation process in EU MSs and in case of inconsistencies to initiate infringement procedures, which are lengthy and complicated. In order to avoid complexities it would be welcomed to have a possibility to address problematic issues that arise on the national level within the framework of the Work Stream 2. If GPE faces issues with some national authorities or TSOs, Work Stream 2 can act as a platform where such issues are raised and discussed as the European Commission is responsible for the application of EU regulation. Mrs. Zhur (GPE) asked for inviting the relevant NRAs/TSOs to Work Stream 2 meetings if need be.





Mr. Boltz explained that there are monitoring exercises by ENTSG and ACER which are a good possibility to follow-up those issues. Mr. Kovács confirmed that implementation issues can be raised in the Work Stream 2 format or addressed directly to the EC.

Mr. D. Wood (EFET) underlined that this is not only a Russian issue but an issue for all market participants. Mr. Boltz underlined that the tools at hand, as the ENTSG FUNC platform, need to be fine-tuned. Mrs. Zhur explained that it is advisable to have direct discussions in the Work Stream format. Mr. Mazilov proposed to have a more limited list of discussion topics but to get more into detail of different topics and have discussions between the competent participants.

Mr. M. Backes (EC) explained that the EC had a 1.5 day workshop in Bulgaria and it was not possible to cover all topics as it is necessary to understand the holistic concept and local specificities in order to have a fruitful discussion. He added that it is quite difficult to get a common understanding and to agree on steps forward. Mr. Backes explained that doubling processes is not the right way to ensure the needed time to effectively solve issues. Mrs. Zhur highlighted that GPE is not aware of such workshops and suggested invite GPE to those workshops in the future. Mr. Wood added that Gazprom Marketing & Trading, as EFET member, has a standing invitation to participate in all workshops and discussions. Mr. Kovács agreed that replicating processes in relation to the work on implementing EU market rules should not be the aim of Work Stream 2.

Mr. Boltz proposed to address issues which apply in several member states and channel issues. Mr. Kovács invited the Russian side to raise specific issues of concern, mentioning however, it is not possible to address all issues in all level of detail in the Work Stream 2 format. Mr Kovács also invited the EU side participants to raise concerns in relation to activities of Russian companies active on the EU gas markets or in relation to their activities on the Russian gas market. Mr. Konoplyanik proposed that the issues are collected in this framework and then it is together decided in which process to address the details further and the EC to decide whether to invite additional participants.

Mr. Boltz proposed to collect issues from participants and then the Co-Chairs will address whether these issues can be discussed in the Work Stream 2. Participants are invited to send proposals on the problematic issues to the Co-Chairs within the next month. Mr. Konoplyanik asked to invite ACER and other relevant stakeholders to the Work Stream 2 as well. Mr. Kovács added that the Work Stream is well suited to flag issues, however, he is of the view that not all issues might be solved in this framework. The existing processes regarding e.g. network codes are those where issues should be discussed in detail.

Mr. Ingwersen added that there is a need to identify issues, however, the Work Stream 2 does not reflect all relevant parties and therefore cannot solve issues as the EU regulatory framework includes processes which need to be followed. A generic process – following the existing EU rules - is needed.

Mr. Boltz summarized that it is necessary to collect issues in order to see whether discussion in this framework might add value or not. European processes need to be respected.

On the substance of already proposed issues: The Security Supply regulation will be presented once it is formally approved. For the next meeting the Co-Chairs may invite a representative of the Energy Community Secretariat. Mrs. Zhur inquired whether it is possible to have a standing invitation for the Energy Community Secretariat to participate in the Work Stream 2 meetings in order to get on-time information of what is going on in the Energy Community countries. Mr. Kovács suggested the EC colleague who is dealing with the Energy Community will participate in the next meeting. Mrs. Zhur highlighted concerns regarding the extension of the geographic scope of the Energy Community which leads to the extension of application of EU energy regulation and a strong interest in following the process and timely reaction. Mr. Boltz explained that a regular participation of the Energy



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Community Secretariat would overload the framework of the Work Stream 2. Mr. J. Vitovsky informed that the Energy Community asked for ENTSOG support and guidance on network code implementation. It was agreed to invite the representatives of the Energy Community Secretariat on a case by case basis in order to give an overview of the major developments in the region.

Regarding issues concerning a future role of natural gas Mr. Boltz agreed that this is a very valid issue which could be discussed in the internal market Work Stream. Mr. R. Dickel added that pricing – i.e. actual prices – may have implications on the competitive position of gas in general; he has also mentioned the issue of decarbonisation of gas (gas vs CO<sub>2</sub> vs hydrogen). Mr. A. Semenov added that the future role of natural gas should be also discussed in the context of interaction between gas and renewable energy sources, taking into account the energy system security.

Mr. Wood raised interest in information on developments in the Russian market, export monopoly, bi-directionality SK/UKR border, role of Gazprom M&T in Europe as well as new infrastructure. He will send his proposals in written form to the Co-Chairs.

## **6. Quo Vadis**

### **- EU vision (incl. results of 2nd Quo Vadis stakeholder meeting on 26.06.2017)**

Ms. Zs. Széles (EC) informed about the workshop to discuss the first draft of the preliminary consultancy report on the Quo Vadis study on 26 June. She underlined that all member states are obliged to implement the existing regulation including all network codes. Stakeholders had the possibility in January to comment on the discussion papers of all consultants which applied for the project. All information and papers were published by the European Commission on its website. During the workshop stakeholders were invited to send written comments to EC by 10 July cob. A special workshop on the modelling will take place around end of July. A third stakeholder workshop will take place by end of November 2017. The study shall be finalized by end of the year. Further consideration on the follow-up to the study with stakeholders and regulators is foreseen for 2018.

### **- How to consider non-EU suppliers view in evaluating efficiency of EU gas regulatory framework developed through 2010-2016 taking into consideration positive history & “success stories” of Russia-EU cooperation in its development**

Mr. M. Kuhn (Gazprom Germania) inquired whether the REKK model is the same as used for the LNG and storage strategy. Ms. Széles confirmed that the assumptions are aligned. Mr. Kuhn informed that the LNG and storage study includes severe mistakes regarding the available storage capacity for Gazprom.

Mr. Gudkov inquired when the European Internal Market shall be finalized and whether the Quo Vadis study sets a political goal date of 2020. Ms. Széles explained that by this date all network codes have to be implemented in all Member States. Mr. Backes explained that the implementation dates of the network codes are (for some network codes) 2019.

Ms. Széles clarified that modelling will take place from August on – after the workshop on the modelling. Mr. Kovács added that this is a study but it is not possible that stakeholders do collaboratively develop a model together with the consultants. However, everybody is of course free to do its own studies.

Mr. D. Udalov (GP-Brussels) presented his comments on the draft report. Mr. Konoplyanik (GPE) added his personal perception that the proposed scenarios number one and number four are not the best ideas for the development of the European gas market in view of its strong dependency on the imported gas. From his view, it



seems that Quo Vadis qualitative modelling at this stage presents a “zero-sum game” approach to maximization of EU welfare which is the major task of the Quo Vadis exercise. Quo Vadis draft scenarios seem to transfer incremental risks and costs on the non-EU gas suppliers, especially on those who are linked with the EU through immobile capital-intensive cross-border infrastructure (mostly on Russia) and whose delivery points are located deep inside the EU. He referred to his interventions at the meeting on Quo Vadis, organised by the Commission for stakeholders on June 26, which was very helpful for better understanding the details of the whole Quo Vadis exercise. He urged to try to find cooperative ways and means to diminish (overcome) these potential deficiencies of the Quo Vadis modelling exercise.

Mr. Kovács explained that the consultants are asked to think out-of-the-box, however, the idea is not to exclude Russian participants from the EU gas market. The increasing import dependency is clear. The study shall be the basis for discussions with stakeholders, it is not meant to be the final design of the future EU internal gas market.

## **7. ☐ The alternative fuels infrastructure Directive – regarding gas ☐**

### **- Introduction of the objectives and the plans for implementation**

Mr. A. Tricas (EC) gave an overview of the alternative fuel infrastructure Directive and the corresponding potentials for natural gas as fuel in the European Union and its contribution for achieving the EU climate policy objectives. The EC plans to publish a communication to assess national policy frameworks. Furthermore, he informed that the EC has adopted the strategic transport research and innovation agenda on 31 May 2016 as part of the first EU Mobility Package. The EC will adopt a common methodology for alternative fuels unit comparison by November 2017.

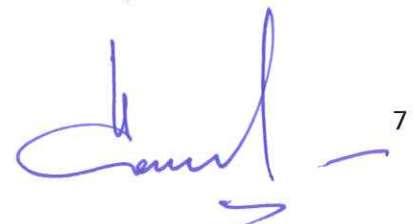
Mr. Kuhn inquired about the methodology used for the monitoring report published by the European Commission. Mr. Tricas explained that he has not been involved in the elaboration of the mentioned report, he considered that the relevant DG Energy services could provide him with a better explanation on the methodology used. Nevertheless, he underlined that significant tailpipe methane emissions reductions have been achieved with the development of the new EUROVI heavy duty vehicles.

Mr. Wood inquired whether the EU ETS is helpful for natural gas as a fuel. Mr. Tricas explained that the EU ETS is an instrument that could be used in this respect, however, road and maritime transport sector, where natural gas can have an important role for the decarbonisation of transport, are not part of the ETS.

Mr. Dickel inquired what the EU could learn from India and Asia as there many vehicles drive with natural gas as fuel. Mr. Tricas explained that the issue in the EU is the availability of vehicles, especially trucks and long-distance vessels are not that much available (so far).

Mr. Sudarev (GP-NGV) inquired about the EU regulatory framework and supporting schemes surrounding natural gas as a fuel and whether there are opportunities to participate in e.g. calls for projects from Gazprom side. Mr. Tricas replied that he could not reply to this question because the definition of the rules for the eligibility criteria to participate third countries in projects of common interest and CEF is not under his responsibility. He highlighted that we are talking about an emerging market in the EU which the European Commission wants to support.

Mr. Sudarev expressed his disappointment that it is not possible to discuss national policy framework (NPF) in this framework. Mr. Tricas underlined that at this stage it is not possible to provide any information on the on-going assessment of the NPFs. This assessment will be provided with the Communication to be published in November 2017.



Mr. Konoplyanik thanked Mr. Tricas and Mr. Kovács for making this discussion possible. Mr. Boltz commented that the EU has not been very successful so far in making natural gas a widely used fuel for transportation. Mr. Sudarev agreed and argued that it is – so far – not possible for Gazprom to become active on this market on a commercial basis. Mr. Boltz thanked Mr. Tricas for his presentation.

#### **8. Outlook on the development of the gas transportation network on the Balkans.**

##### **- Based on TYNDP**

Mrs. C. Heidrecheid (ENTSO) gave an update on the Ten Year Network Development Plan (TYNDP) and underlined the maturity of the EU gas transmission network in general. Regarding the Balkan countries, she highlighted that those countries (partially) have only one or two supply sources and, thus, may face security of supply issues in case of e.g. a disruption of transport via Ukraine. In TYNDP 2017 a map with the location of projects is available for the first time on ENTSOG webpage. Work on TYNDP 2018 - focus on 2040, considering the EU's carbon emission goals - has already been started and the project collection phase will take place in early 2018.

Mr. Gudkov asked whether the selection of PCIs has become more transparent since the last process. Mrs. Heidrecheid explained that she is only a participant to the PCI selection, however, a lot of information was made available by the European Commission on the CIRCABC platform.

The Co-Chairs thanked Mrs. Heidrecheid for her presentation.

##### **- Based on CESEC initiatives**

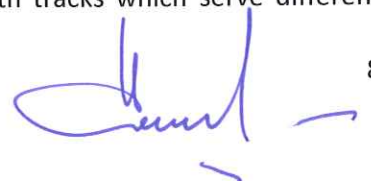
Mr. Backes updated participants on CESEC and recalled the purpose for the Central and South Eastern European Gas Connectivity Group. He highlighted that seven infrastructure projects are on the priority list of the CESEC initiative. Furthermore, the group deals with the implementation of the existing regulation in the concerned countries. He presented the results of a REKK study for CESEC and a case study on pancaking effects in the region.

Mr. Kuhn inquired whether the same REKK model is being used for the Quo Vadis study and the modelling of the "one EU-wide E/E zone" scenario. Mr. Backes explained that this scenario will not be modelled in the Quo Vadis study. Mr. Backes added that the point of this CESEC study from 2016 was to compare prices per MWh transported gas. Mr. Mazilov stated his view that tariffs in Bulgaria and Romania are too high to attract flows.

##### **- Presentation by Russian side on recent announcements for infrastructure projects in the CEE/SSE region (GP-DEPA-Edison Coop. Agreement, GP-BG Road Map, RU-HU-SRB talks about "small South Stream", etc.)**

Mr. Kovács asked about the Russian infrastructure plans in relation to the CEE/SEE region. Mr. Mazilov informed that GP plans to increase security of supply for the region and that everything is in line with current legislation including network codes. Furthermore, he highlighted that GP has followed the new incremental process and is now surprised about the recent non-binding open season in Bulgaria – for the same points. It is not clear to GP whether this is an additional open season or a repetition of the first open season.

Mr. Kovács explained that both procedures have a different purpose – one is the incremental approach and the other one a TEN-E Regulation approach. Interested shippers should follow both tracks which serve different





purposes even if the demand assessment process is similar. Mr Kovács inquired whether GP was involved in the project as an operator or shipper to which Mr Mazilov confirmed that GP is only involved as shipper, adding that not much value should be attached to the political Roadmap signed between GP and BG, hinting also that a similar Roadmap is being signed with SRB. Mr. Mazilov explained that the roadmap is not connected with CAM procedures and in line with existing applicable legislation. As a shipper GP has an interest to ship gas from the Turkish border to the West.

Mr. Vitovsky explained that Bulgartransgaz is asking for non-binding demand within the TEN-E process for the PCI project. It is a coincidence that both demand tests (incremental and this TEN-E based process) happen within such a short timeframe. Mr. Vitovsky agreed that it is better to submit the request again to be on a safe side as a shipper. Mr. Kovács agreed on this approach.

Mr. Konoplyanik expressed his confusion about the processes as they are not clearly defined and separated. He asked for clarification regarding the interlinkages and relation between PCI process and incremental process.

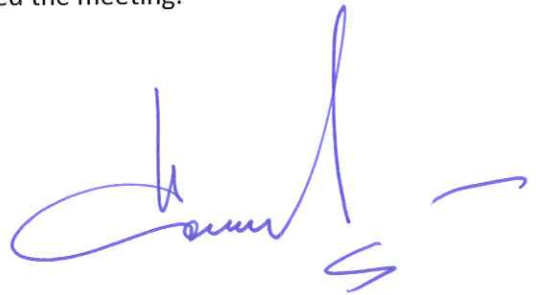
Mr. Kovács asked how the different plans for new pipelines shall interlink. Mr. Mazilov assured that the EC has no need to worry about GPE plans. He is awaiting feedback from the TSOs in order to decide on further steps.

#### **9. Any other business / concluding remarks / next meetings WS2 consultations**

The WS2 Co-chairmen thanked participants for the fruitful discussions and announced that the next meeting will be held in October 2017 in St. Petersburg (particular date will be further clarified), thanked the host of the meeting and all participants for the intensive discussion and closed the meeting.



Co-Chair Mr. Boltz



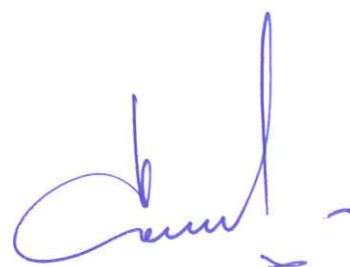
Co-Chair Mr. Konoplyanik

**23th meeting of the EU-Russia Gas Advisory Council's****Work Stream on Internal Market Issues (GAC WS2)****27 June 2017****10:00 – 16:30****European Commission****24, rue Jean-André de Mot****1049 Brussels, Belgium****AGENDA**

<b>Time</b>	<b>Items</b>	<b>Presenters</b>
Morning Session 10:00-13:00	1. Greetings / Opening remarks	Co-chairs
	2. Progress Report of previously agreed actions:	
	- Trans-Balkan Transportation contracts	K.Kovács (EC); V.Mazilov (GPE)
	- State of play of fact finding on the pressure issues at the UKR/RUS border	V.Mazilov (GPE) ENTSOG
	3. Short information on results of the Workshop on future architecture of EU gas market held on 30 May in Brussels (to circulate 4 presentations)	Co-chairs
	4. Update on the state of play of the political EU-Russia Energy Dialogue	M.Governatori (EC)
	5. Discussion of Future work program (based on presentations of Co-chairs prepared for 29.05 meeting, to be circulated, – yet mostly proposals of Russian side)	Co-chairs
	- Topics proposed by the participants: explanation and justification	A.Konoplyanik, A.Zhur (GPE), I.Gudkov (GP), N.Sudarev (GP-NGV), ...
	- Discussion	
	<i>No decisions on the work program will be taken but the discussion should enable the EU and the Russian side to better understand the scope and extent. Based on the discussion the Co-Chairs will propose specific agenda topics for the next WS2 meetings</i>	



Sandwich Lunch 13:00-13:30 (at the premises of European Commission)		
<p>Afternoon Session</p> <p>13:30-16:30</p>	<p>6. Quo Vadis:</p> <ul style="list-style-type: none"> <li>- EU vision (incl. results of 2<sup>nd</sup> Quo Vadis stakeholder meeting on 26.06)</li> <li>- how to consider non-EU suppliers view in evaluating efficiency of EU gas regulatory framework developed through 2010-2016 taking into consideration positive history &amp; "success stories" of Russia-EU cooperation in its development</li> <li>- Discussion</li> </ul> <p>7. The alternate fuel directive – regarding gas</p> <ul style="list-style-type: none"> <li>- Introduction of the objectives and the plans for implementation</li> </ul> <p>8. Outlook on the development of the gas transportation network on the Balkans.</p> <ul style="list-style-type: none"> <li>- Based on CESEC initiatives</li> <li>- Based on TYNDP</li> <li>- Comments by Russian side on recent announcements for infrastructure projects in the CEE/SSE region (GP-DEPA-Edison Coop. Agreement, GP-BG Road Map, RU-HU-SRB talks about "small South Stream", etc.)</li> </ul> <p>9. Any Other Business</p>	<p>Z.Széles (EC)</p> <p>A.Konoplyanik, A.Zhur (GPE)</p> <p>A.Tricas (EC)</p> <p>M.Backes (EC) ENTSOG V.Mazilov (GPE)</p> <p>Co-chairs</p>

### List of participants – Russian side

1. Konoplyanik Andrey (GPE/Gubkin Oil&Gas University, Co-chair GAC WS2)
2. Shtilkind Theodore (Ministry of Energy/Russian Energy Agency, Co-chair GAC WS3)
3. Gudkov Ivan (GP)
4. Semenov Alexey (GP)
5. Zhur Anna (GPE)
6. Mazilov Vladimir (GPE)
7. Rogozenkova Olga (GPE)
8. Pestov Andrey (GP-Brussels)
9. Udalov Dmitry (GP-Brussels)
10. Bronina Irina (GP-Brussels)
11. Lebedev Mikhail (GP-Brussels)
12. Orlova Ekaterina (FIEF)
13. Medvedeva Elena (RF Chamber of Commerce-Benilux)
14. Malyshev Igor (RF Embassy to the EU)
15. Kuhn Maximilian (GP-Germania)
16. Barnos Kirill (GP)
17. Sudarev Nikolay (GP-NGV)

### List of participants – the EU side

1. Boltz Walter (...)
2. Kovacs Kristof (EC)
3. Dickel Ralf (OIES)
4. Hartmann Reiner (Uniper)
5. Holubowsky Stefanie (...)
6. Ingwersen Jan (ENTSOG)
7. Kawnik Mariusz (PGNiG)
8. Kolaczek Maciej (PGNiG)
9. Loudon Margot (Eurogas)
10. Painz Bernhard (...)
11. Poillion Christophe (GRTgaz)
12. Solheim Steinar (...)
13. Vitovsky Jan (ENTSOG)
14. Wernig Kerstin (...)
15. Wood Douglas (EFFET)
16. Governatori Matteo (EC)
17. Ciszewski Motej (EC)
18. Szeles Zsussanna (EC)
19. Backes Marcus (EC)
20. Heidreich C... (ENTSOG)
21. Tricas A... (EC)

